

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

I. APPLICATION OF MANUAL RULES

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

II. POLICY TERM

Policies may be written for a term of one year, and renewed annually thereafter.

III. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

IV. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

V. WHOLE DOLLAR RULE

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

VI. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

VII. RETURN PREMIUM

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

VIII. PREMIUM PAYMENT PLAN

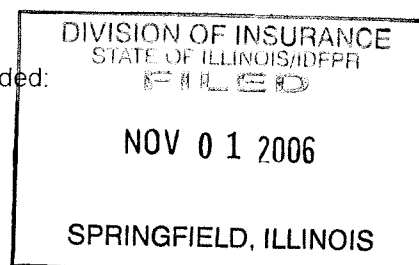
The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

IX. POLICY CANCELLATIONS

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

X. COVERAGE

The following describes coverage that will be provided:



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- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

XI. BASIC LIMITS OF LIABILITY

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

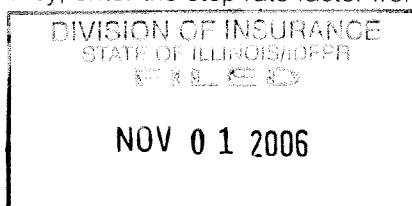
XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

XIV. CALCULATION OF CLAIMS-MADE PREMIUM

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.
- B. The claims made step factor for each nurse anesthetist shall be determined as follows:
 - 1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.



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2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
 - a. determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
 - b. determine the number of years in which the nurse anesthetist was uninsured;
 - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
 - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

Step Rate Factors				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

- C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

XV. CALCULATION OF OCCURRENCE PREMIUM

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

XVI. ISO CLASSIFICATION CODES

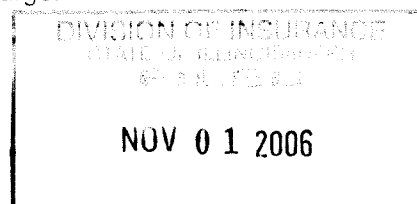
Medical Specialty: Certified Registered Nurse Anesthetist

Specialty Code: 80960

XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.
- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.



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- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
1. retires; and
 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

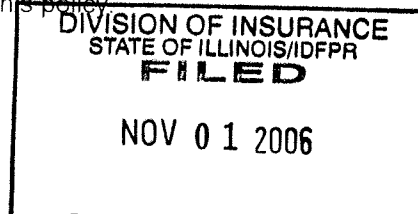
Consecutive Years of Coverage	Discount
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

XVIII. PRIOR ACTS COVERAGE (Occurrence only)

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.



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- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
1. Enter the Table at the appropriate Prior Acts Period; and
 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

Prior Acts Period	1 st Year	2 nd Year	3 rd Year	Prepaid Factors
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

XIX. RATE MODIFICATIONS

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

A. Employed Coverage

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

B. Entity Coverage

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

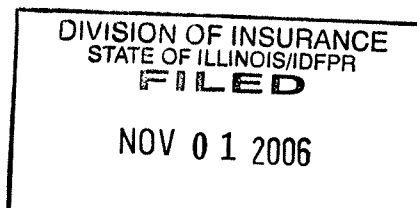
C. Locum Tenens

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability, for no additional premium charge.

D. Moonlighting

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:



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Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

E. Multiple State Practice

If a nurse anesthetist works in up to four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

When a nurse anesthetists works in five (5) or more states, or when countrywide coverage is requested by the nurse anesthetist that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.

F. New Graduate Discount

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit
Year2: 25% credit

The above credit does not apply if part time credit is also given.

G. Part Time

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

H. Leave of Absence

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified at a later date, the discount may be applied as of the date the Company receives notice. This credit will not apply to entities.

I. Slot Rating

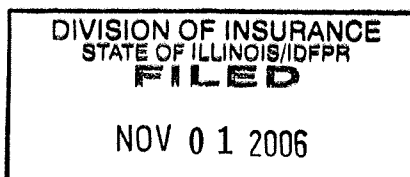
An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

J. Schedule Rating

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%

Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice



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classification and/or specialty.

2. Exposure Modification 0 - 25% 0 - 25%

Applicable to those insureds who have an increased or reduced exposure.

3. Unusual Risk Characteristics 0 - 25% 0 - 25%

K. Vicarious Liability

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

L. Surcharges

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

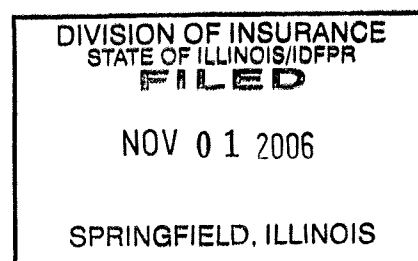
2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

2 Locations	5% surcharge	5 Locations	20% surcharge
3 Locations	10% surcharge	6 or more locations	25% surcharge
4 Locations	15% surcharge		

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.



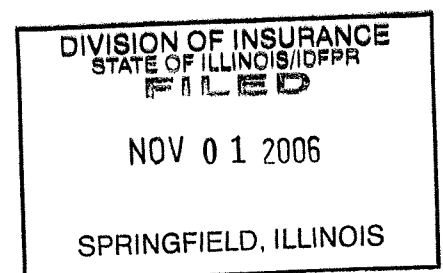
**COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA**

I. STATE ENDORSEMENTS

Form #	Title	Rule of Application
G-142858-A12	Cancellation and Non-renewal Endorsement - Illinois	- Mandatory on all policies
G-143937-A12	Extended Reporting Periods - Illinois	- Mandatory on all claims-made policies

II. AMENDED RULES

- A. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph C is deleted and replaced by the following:
- C. Should the named insured or the Company terminate coverage under this policy, and if the named insured desires Extended Reporting Period Coverage beyond the automatic 60 days, the named insured must advise the Company that it wants the additional Extended Reporting Period Coverage, along with payment of the applicable premium, within 60 days of the termination date.
- Once purchased, the period of time allowed by the policy for the reporting of claims to the Company shall be extended for an unlimited period.
- B. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph D is deleted and replaced by the following:
- D. The factor of **1.00** will be applied to the annual premium in effect at the beginning of the current policy period to determine the ERP charge.
- C. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph H is deleted and replaced by the following:
- H. Premium must be paid promptly when due. Once paid, the premium for the additional Extended Reporting Period Coverage is non-refundable and considered fully earned.
- D. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph J is deleted.



**COMPANY STATE PAGE FOR
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AMERICAN CASUALTY COMPANY OF READING, PA**

E. Rule VIII, Premium Payment Plan is deleted and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

III. RATES

A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1: \$3,740
Territory 2: \$3,294
Territory 3: \$3,117

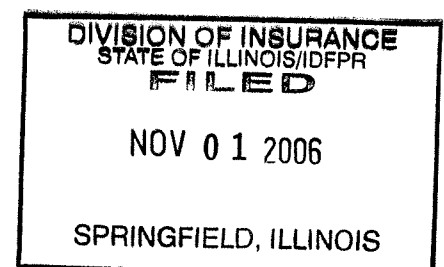
B. Territories are defined as follows:

Territory 1: The counties of Cook, Madison, and St. Clair
Territory 2: The counties of Du Page, McHenry, Kane, Lake, Will, Champaign, Jackson, Kankakee, LaSalle, Macon, Sangamon, Vermilion
Territory 3: Remainder of State

C. The rate for an individual nurse anesthetist student is \$275.

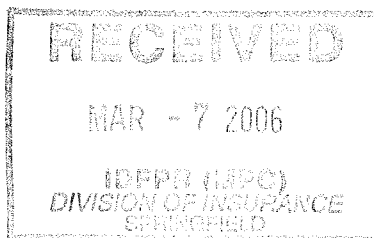
ILLINOIS (12)

**COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA**





40 Wall Street - 9th Floor
New York, New York 10005



Robert Alonzo

State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

February 20, 2006

Telephone 212-440-3478
Facsimile 212-440-2877
Toll Free 877-269-3277 x 3478
Internet robert.alonzo@cna.com

Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767

Attn: Supervising Insurance Analyst

RE: *American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560*
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File # 05-R2099

To Whom It May Concern:

American Casualty Company of Reading, PA, submits the above captioned filing for use with our Nurses Anesthetist Professional Liability Program currently filed with your department.

Enclosed for your review please find:

- The actuarial memorandum which outlines the changes proposed by this filing,
- new countywide manual changing only pages 6 of 7;
- revise state page, which will replaces the page currently on file.

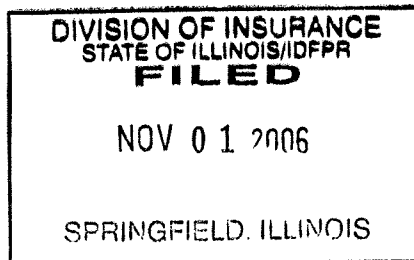
These changes will become applicable to all policies written on or after November 1, 2006, or the earliest date permitted by your state.

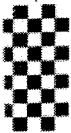
Your approval, or acknowledgment otherwise, by stamping the extra copy of this letter and returning it in the envelope provided, will be appreciated.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst





ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Sharon Robinson, a duly authorized officer of CNA Insurance Companies, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Sharon Robinson, a duly authorized actuary of CNA Insurance Companies am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Sharon K Robinson Vice President & Actuary 8-16-06
Signature and Title of Authorized Insurance Company Officer Date

Sharon K Robinson Vice President & Actuary 8-16-06
Signature, Title and Designation of Authorized Actuary Date

Insurance Company FEIN 36-2114545 Filing Number 05-R2099

Insurer's Address

333 S. Wabash Avenue

City Chicago State IL Zip Code 60613

Contact Person's:

-Name: Robert Alonzo E-mail: robert.alonzo@cna.com

-Direct Telephone: 212-440-3478 Fax Number: 212-440-2877

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability
MAGAW Healthcare Professionals Purchasing Group Association

Actuarial Memorandum

American Casualty Company of Reading, PA ("CNA") is proposing changes to its Nurse Anesthetist Professional Liability Program ("the Program"). First, CNA proposes a base rate increase of 3.0% to keep pace with trend. Second, CNA is introducing a new rule which will replace Section E (Multiple State Practice) under Rule XIX in the Countrywide Company Pages. It is the insured's option to utilize the new rule, and it is intended to ease the reporting requirements on the insured. Finally, CNA increased the rate for student nurse anesthetists. The overall impact of these proposed changes is 3.0%.

Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Monday, August 28, 2006 1:12 PM
To: Neuman, Gayle
Subject: RE: Rate/Rule Filing #05-R2099
Attachments: IL #05-R2099 resp #4.pdf; IL State Pages - CRNA 09-06.pdf

Ms. Neuman,

Attach is our response.

Thanks
Robert Alonzo

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Friday, August 25, 2006 12:13 PM
To: Alonzo, Robert A.
Subject: Rate/Rule Filing #05-R2099
Importance: High

Mr. Alonzo,

We have reviewed CNA's 8/21/06 response. There are additional required changes for compliance.

1. The intent of the law is to offer every medical malpractice insured such quarterly premium payment installment plan, unless however their premium does not exceed \$500 annually. Therefore we require the wording "with acceptable loss experience & satisfactory credit history" be removed.
2. We request wording to be added that indicates that no interest charges are assessed.
3. We request the section be titled "Quarterly Installment Option".
4. We request wording to be added indicating additional premium resulting from changes will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Your prompt attention is appreciated.

Gayle Neuman
Division of Insurance

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8/29/2006

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40 Wall Street – 9th Floor
New York, New York 10005

Robert Alonzo

State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

August 28, 2006

Telephone 212-440-3478

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Internet robert.alonzo@cna.com

Ms. Gayle Neuman
Property & Casualty Compliance Unit
Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, IL 62767

RE: ***American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560***
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File #: 05-R2099

Dear Ms. Neuman:

Thank you for your e-mail dated August 25, 2006. Please note our following response to the issue you raised.

- 1 - 4. In response to your comments, we revised an amended rule (section II.E) for the premium payment plan in the Illinois Company State Pages. The revised Illinois Company State Pages are attached and they replace any earlier editions that were submitted as part of this filing.

Thank you for your continued review of this filing.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst

Neuman, Gayle

From: Neuman, Gayle
Sent: Friday, August 25, 2006 11:13 AM
To: 'Robert.Alonzo@CNA.com'
Subject: Rate/Rule Filing #05-R2099
Importance: High

Mr. Alonzo,

We have reviewed CNA's 8/21/06 response. There are additional required changes for compliance.

1. The intent of the law is to offer every medical malpractice insured such quarterly premium payment installment plan, unless however their premium does not exceed \$500 annually. Therefore we require the wording "with acceptable loss experience & satisfactory credit history" be removed.
2. We request wording to be added that indicates that no interest charges are assessed.
3. We request the section be titled "Quarterly Installment Option".
4. We request wording to be added indicating additional premium resulting from changes will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Your prompt attention is appreciated.

Gayle Neuman
Division of Insurance

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8/25/2006

Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Tuesday, August 22, 2006 8:01 AM
To: Anderson, Julie
Cc: Neuman, Gayle
Subject: FW: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099
Attachments: IL #05-R2099 resp 8-17-06.pdf; Certification.pdf; IL #05-R2099 Resp #3a.pdf

FYI,

I didn't include you in this response.

I apologize for any inconvenience this may cause.

Robert Alonzo
CNA

From: Alonzo, Robert A.
Sent: Thursday, August 17, 2006 4:09 PM
To: 'Neuman, Gayle'
Subject: RE: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Ms. Neuman,

Attach is our response.

Thanks
Robert Alonzo

From: Anderson, Julie [mailto:Julie.A.Anderson2@illinois.gov]
Sent: Tuesday, August 15, 2006 5:04 PM
To: Alonzo, Robert A.
Cc: Neuman, Gayle
Subject: American Casualty Company of Reading, PA - Nurses Professional Liability filing #05-R2099

Mr. Alonzo,

I have reviewed your company's above referenced rate filing for Nurses Professional Liability and have two items that needs to be addressed.

1. Please provide data supporting the 3% inflationary rate change.
2. Please provide an actuarial certification as required in Illinois.

Thank you. Please provide your response directly to me by August 29, 2006.

8/22/2006

Julie Anderson
Assistant Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-5421
Fax: 217-524-2271

Please note that my e-mail address has changed to: Julie.A.Anderson2@illinois.gov

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8/22/2006

Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Tuesday, August 22, 2006 7:56 AM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Nurses Professional Liability filing #05-R2099

Attachments: IL #05-R2099 resp3.pdf; IL State Pages - CRNA 08-06(c).pdf

Attach is our response

Thanks
Robert Alonzo

From: Anderson, Julie [mailto:Julie.A.Anderson2@illinois.gov]
Sent: Tuesday, August 15, 2006 5:04 PM
To: Alonzo, Robert A.
Cc: Neuman, Gayle
Subject: American Casualty Company of Reading, PA - Nurses Professional Liability filing #05-R2099

Mr. Alonzo,

I have reviewed your company's above referenced rate filing for Nurses Professional Liability and have two items that needs to be addressed.

1. Please provide data supporting the 3% inflationary rate change.
2. Please provide an actuarial certification as required in Illinois.

Thank you. Please provide your response directly to me by August 29, 2006.

Julie Anderson
Assistant Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-5421
Fax: 217-524-2271

Please note that my e-mail address has changed to: Julie.A.Anderson2@illinois.gov

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8/22/2006



40 Wall Street – 9th Floor
New York, New York 10005

Robert Alonzo

State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

August 21, 2006

Telephone 212-440-3478
Facsimile 212-440-2877
Toll Free 877-269-3277 x 3478
Internet robert.alonzo@cna.com

Ms. Gayle Neuman
Property & Casualty Compliance Unit
Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, IL 62767

RE: ***American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560***
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File #: 05-R2099

Dear Ms. Neuman:

Thank you for your e-mail dated August 15, 2006. Please note our following response to the issue you raised.

1. In response to your request, we added a new amended rule (section II.E) for the premium payment plan in the Illinois Company State Pages. The revised Illinois Company State Pages are attached and they replace any earlier editions that were submitted as part of this filing. Section II.E has the title "Premium Payment Plan" which is substantially similar to "Quarterly Installment Option".

Thank you for your continued review of this filing.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst

**COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA**

I. STATE ENDORSEMENTS

Form #	Title	Rule of Application
G-142858-A12	Cancellation and Non-renewal Endorsement - Illinois	- Mandatory on all policies
G-143937-A12	Extended Reporting Periods - Illinois	- Mandatory on all claims- made policies

II. AMENDED RULES

- A. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph C is deleted and replaced by the following:
- C. Should the named insured or the Company terminate coverage under this policy, and if the named insured desires Extended Reporting Period Coverage beyond the automatic 60 days, the named insured must advise the Company that it wants the additional Extended Reporting Period Coverage, along with payment of the applicable premium, within 60 days of the termination date.
- Once purchased, the period of time allowed by the policy for the reporting of claims to the Company shall be extended for an unlimited period.
- B. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph D is deleted and replaced by the following:
- D. The factor of **1.00** will be applied to the annual premium in effect at the beginning of the current policy period to determine the ERP charge.
- C. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph H is deleted and replaced by the following:
- H. Premium must be paid promptly when due. Once paid, the premium for the additional Extended Reporting Period Coverage is non-refundable and considered fully earned.
- D. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph J is deleted.

**COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA**

- E. Rule VIII, Premium Payment Plan is deleted and replaced with the following:

The Company will offer individual insureds, with acceptable loss experience & satisfactory credit history, the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.

III. RATES

- A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1: \$3,740
Territory 2: \$3,294
Territory 3: \$3,117

- B. Territories are defined as follows:

Territory 1: The counties of Cook, Madison, and St. Clair
Territory 2: The counties of Du Page, McHenry, Kane, Lake, Will, Champaign, Jackson, Kankakee, LaSalle, Macon, Sangamon, Vermilion
Territory 3: Remainder of State

- C. The rate for an individual nurse anesthetist student is \$275.

Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Thursday, August 17, 2006 3:09 PM
To: Neuman, Gayle
Subject: RE: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099
Attachments: IL #05-R2099 resp 8-17-06.pdf

Ms. Neuman,

Attach is our response.

Thanks
 Robert Alonzo

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, August 15, 2006 11:47 AM
To: Alonzo, Robert A.
Subject: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Mr. Alonzo,

As you know, the new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR).

This email is to advise you of the requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds. In reviewing the filing referenced above, we note that your quarterly installment plan does not meet and/or address some or all of the following prescribed requirements.

Please amend your rate/rule manual's quarterly installment plan provisions to comply with all of the following prescribed requirements and send me your updated manual pages no later than August 23, 2006.

Quarterly Premium Payment Installment Plan Prescribed Requirements

All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium spread equally among the second, third, and fourth installments, with the

8/17/2006

maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;

iii) No interest charges;

iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;

v) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Your immediate attention is requested.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

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40 Wall Street - 9th Floor
New York, New York 10005

Robert Alonzo

State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

August 17, 2006

Telephone 212-440-3478
Facsimile 212-440-2877
Toll Free 877-269-3277 x 3478
Internet robert.alonzo@cna.com

Ms. Gayle Neuman
Property & Casualty Compliance Unit
Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, IL 62767

RE: ***American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560***
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File #: 05-R2099

Dear Ms. Neuman:

Thank you for your e-mail dated August 15, 2006. Please note our following response to the issues you raised.

1. Please provide data supporting the 3% inflationary rate change.

Please see the actuarial support file (IL #05-R2099 Resp #3a.pdf).

2. Please provide an actuarial certification as required in Illinois.

The certification is attached.

Thank you for your continued review of this filing.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst



August 17, 2006

To: Illinois

Re: IL #05-R2099 Obj #3a.htm

Question #1: Please provide data supporting the 3% inflationary rate change.

CNA has limited historical experience in Illinois as the program has only been available since 8/1/2002. Therefore, the indicated overall rate level change was calculated based upon trend since the inception of the Program. Exhibit 1 shows the derivation of the indicated overall rate level change. Because there isn't sufficient program experience for this purpose, the annual trend factor has been based on the trend factor selected by Insurance Services Office for Physicians, Surgeons, and Dentists. We must consider the increasing trend of medical malpractice costs affecting our business in a competitive industry. Exhibit 2 provides a summary of CNA's historical expense experience as available in the Insurance Expense Exhibit for the Medical Malpractice line of business and also provides the projected expenses for this program. The budgeted profit provision has been calculated based on a 15% return on equity.

With respect to the proposed rate increase of 3%, it's equivalent to the loss trend from our Registered Nurse program which is very similar to CRNA in terms of underwriting and actuarial backgrounds as well as scope of practice. Due to lack of experience with CRNA, we felt that it was sufficient to use Nurses' experience because of its favorable credibility with over 10 years of experience versus 3 years with CRNA. Exhibit 3 provides Nurses' loss experience based on first \$1M Indemnity severity. The exponential fit for years 1991 to 2004 produced a 3.2% trend which is slightly higher than the proposed rate increase of 3%.

Several exhibits reflecting the proposed changes described above are attached.

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability

Exhibit 1

Calculation of Indicated Change

Illinois

Due to the low credibility and immaturity of this program, the indicated rate level change has been calculated based on trend from the initial filing date of the program to an assumed effective date of November 1, 2006. Note that a rate change of 12.3% has been implemented since the initial filing of the rates for this program.

(1) Proposed Effective Date	11/1/2006
(2) Initial Filing Effective Date	8/1/2002
(3) Difference in Years = ((1) - (2)) / 365.25	4.25
(4) Annual Premium Trend Factor	1.00
(5) Annual Loss and ALAE Trend Factor	1.055
(6) Annual Net Trend Factor (5)/(4)	1.055
(7) Indicated Change based on Trend (6)^(3)-1	25.6%
(8) Impact of proposed changes	3.0%

Notes:

- (4) the annual premium trend factor is 1.00 as the exposure base is not inflation sensitive
- (5) the annual loss and ALAE trend factor is the Physicians, Surgeons, and Dentists annual trend factor from ISO PR-2005-BHPSD

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability

Development of Permissible Loss Ratio

	2002		2003		2004		3 Year
	\$000	%	\$000	%	\$000	%	Average Selected
(1) Written Premium	84,036		97,990		123,076		
(2) Earned Premium	79,218		92,476		114,178		
(3) Commission & Brokerage Fees	33,609	40.0%	38,002	38.8%	45,561	37.0%	38.6%
(4) General and Other Acquisition Expense	8,240	10.4%	5,847	6.3%	5,915	5.2%	7.3%
(5) Taxes, Licenses & Fees	2,231	2.7%	2,709	2.8%	286	0.2%	1.9%
(6) DDR Provision							2.3%
(7) Profit & Contingencies							2.5%
(8) Total Expenses & Profit = (3)+(4)+(5)+(6)+(7)							-0.7%
(9) Permissible Loss & LAE Ratio = 1.0 - (8)							27.8%
							72.2%

Source: American Casualty Company of Reading, PA Insurance Expense Exhibit, Part III, Line 11.0

**Countrywide Nurses Service Organization excluding Texas Professional Liability
Occurrence Experience @ 12/31/05**

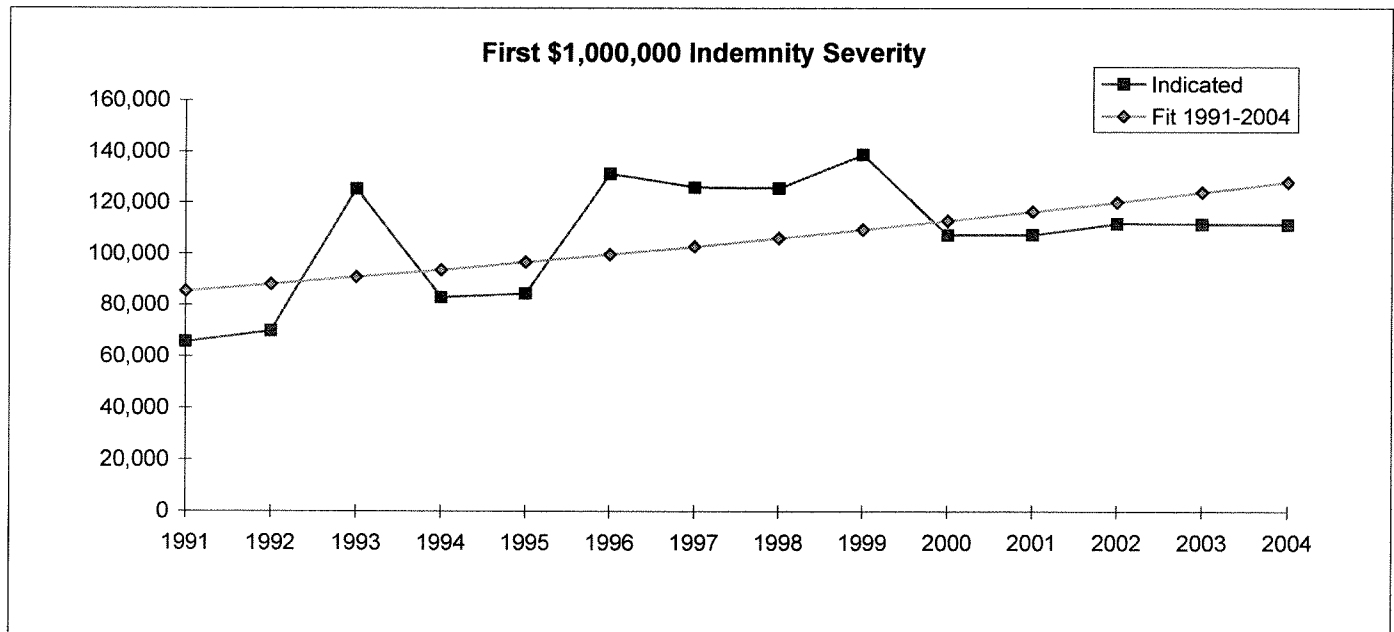
First \$1,000,000 Indemnity Severity Analysis

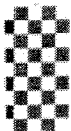
Loss Year	Indicated Severity	2 Yr Moving Average	Fit to Exponential Average 1991-2004	Fit to Moving Average 1993-2004
1991	65,702		85,376	106,705
1992	69,891	67,823	88,081	107,447
1993	125,439	96,769	90,871	108,195
1994	82,928	102,732	93,749	108,947
1995	84,326	83,775	96,719	109,705
1996	131,242	100,735	99,783	110,469
1997	126,006	128,344	102,944	111,237
1998	125,610	125,794	106,205	112,011
1999	138,737	131,577	109,569	112,790
2000	107,410	122,982	113,040	113,575
2001	107,563	107,499	116,620	114,365
2002	111,852	109,843	120,315	115,161
2003	111,594	111,722	124,126	115,962
2004	111,538	111,570	128,058	116,769

1991-2004 Exponential Fit	
Trend:	3.2%
R-Squared:	0.305
F-statistic:	5.262

Selected Trend

3.0%





ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Sharon Robinson, a duly authorized officer of CNA Insurance Companies, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Sharon Robinson, a duly authorized actuary of CNA Insurance Companies am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Sharon K Robinson Vice President & Actuary 8-16-06
Signature and Title of Authorized Insurance Company Officer Date

Sharon K Robinson Vice President & Actuary 8-16-06
Signature, Title and Designation of Authorized Actuary Date

Insurance Company FEIN 36-2114545 Filing Number 05-R2099

Insurer's Address

333 S. Wabash Avenue

City Chicago State IL Zip Code 60613

Contact Person's:

-Name: Robert Alonzo E-mail: robert.alonzo@cna.com

-Direct Telephone: 212-440-3478 Fax Number: 212-440-2877

Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Friday, July 07, 2006 12:59 PM
To: Neuman, Gayle
Subject: RE: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Sorry Ms. Neuman,

I had attach the response for Nurses Practitioner to this email which is for CRNA.

Attach is the response for CRNA.

I apologize for any confusion this may have caused.

Robert Alonzo
CNA

From: Alonzo, Robert A.
Sent: Friday, July 07, 2006 12:55 PM
To: 'Neuman, Gayle'
Subject: RE: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Ms. Neuman,

Attach please find our response.

Thanks

Robert Alonzo
CNA

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]
Sent: Monday, May 22, 2006 2:33 PM
To: Alonzo, Robert A.
Subject: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Mr. Alonzo,

In regard to the installment payment plan, we require the manual state that the company will offer to every medical liability insured a premium installment payment plan as the language in the law states. There should not be any reference to "eligible" or "may offer" or a minimum annual premium. There was no premium threshold included in the law to allow a minimum premium limitation. Therefore, please submit an updated manual page with such change.

Additionally, there is current legislation pending in regard to the installment payment plan. Upon such legislation being finalized, we will advise you if the manual would require additional information or changes.

Your prompt attention is appreciated.

Gayle Neuman

7/10/2006

Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm.

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40 Wall Street - 9th Floor
New York, New York 10005

Robert Alonzo
State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

July 7, 2006

Telephone 212-440-3478
Facsimile 212-440-2877
Toll Free 877-269-3277 x 3478
Internet robert.alonzo@cna.com

Ms. Gayle Neuman
Property & Casualty Compliance Unit
Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, IL 62767

RE: *American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560*
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File #: 05-R2099

Dear Ms. Neuman:

Thank you for your e-mail dated May 22, 2006. Please note our following response to the issues you raised.

1. **In regard to the installment payment plan, we require the manual state that the company will offer to every medical liability insured a premium installment payment plan as the language in the law states. There should not be any reference to "eligible" or "may offer" or a minimum annual premium. There was no premium threshold included in the law to allow a minimum premium limitation. Therefore, please submit an updated manual page with such change.**

Additionally, there is current legislation pending in regard to the installment payment plan. Upon such legislation being finalized, we will advise you if the manual would require additional information or changes.

Under the 2005 medical liability reform statute, an option must be offered to each of the medical liability insureds of every company writing medical liability insurance in Illinois to make premium payments in quarterly installments. On February 10, 2006, a proposed regulation was issued to implement this law that would require medical liability insurance companies to file with the Secretary or Director a plan to offer each medical liability insured the option to make **premium** payments, including **premium** for extended reporting period coverage, in at least quarterly **installments**. These provisions would be required to be maintained in the filed rate and/or rule manual in a section entitled "Quarterly Installment Option" or a substantially similar title. *50 Ill. Adm. Code 930 (e)*.

In our view, installment premium payment options are costly to administer. While it may be possible to offer this option to insureds whose premium charge is significant, this option would become administratively burdensome for those insureds whose premium charge is nominal. At the present time, CNA is working with Director McRaith to respond to the proposed regulation and offer a viable

recommendation to implement the statutory intent without posing an impediment to transacting business on other medical professional liability business segments. We look forward to Director McRaith's consideration of our concerns. As such, we will defer developing a premium payment installment plan until issuance of the final regulation.

Thank you for your continued review of this filing.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst

Neuman, Gayle

From: Cortina, Kristine [Kristine.Cortina@CNA.com]
Sent: Tuesday, June 20, 2006 10:14 AM
To: Neuman, Gayle
Cc: Alonzo, Robert A.; Stern, Adrienne H.
Subject: FW: Illinois - CRNA Anesthetist Professional Rate #05-R2099 Obj #2

Good Morning Ms. Neuman:

I am contacting you today to acknowledge that CNA is working on a response to your May 22, 2006 e-mail (see below) regarding our Certified Registered Nurse Anesthetists Rate/Rule Filing # 05-R2099.

We expect to have the response forwarded to your attention by Friday June 30, 2006. Thank you for your patience and assistance in this matter. Please let us know if you have any questions.

Kristine Cortina
CNA
212 440-3223

From: Neuman, Gayle [GNeuman@idfpr.com]
Sent: Monday, May 22, 2006 2:33 PM
To: Alonzo, Robert A.
Subject: Certified Registered Nurse Anesthetists - Rate/Rule Filing #05-R2099

Mr. Alonzo,

In regard to the installment payment plan, we require the manual state that the company will offer to every medical liability insured a premium installment payment plan as the language in the law states. There should not be any reference to "eligible" or "may offer" or a minimum annual premium. There was no premium threshold included in the law to allow a minimum premium limitation. Therefore, please submit an updated manual page with such change.

Additionally, there is current legislation pending in regard to the installment payment plan. Upon such legislation being finalized, we will advise you if the manual would require additional information or changes.

Your prompt attention is appreciated.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm.

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6/20/2006

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Neuman, Gayle

From: Alonzo, Robert A. [Robert.Alonzo@CNA.com]
Sent: Wednesday, May 17, 2006 1:13 PM
To: Neuman, Gayle
Subject: RE: Certified Registered Nurses Anesthetists Prof. Liability - Rate/Rule Filing #05-R2099

Attach please find our response.

Thanks
Robert Alonzo

-----Original Message-----

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]
Sent: Wednesday, May 03, 2006 3:32 PM
To: Alonzo, Robert A.
Subject: Certified Registered Nurses Anesthetists Prof. Liability - Rate/Rule Filing #05-R2099

Mr. Alonzo,

The Department is in receipt of the above referenced filing number submitted by letter dated February 20, 2006 (although not received by us until March 7, 2006). The following additional information is required in the review of this filing:

1. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used or it is in-house?
2. On page 4 under XVII. Extended Reporting Period Coverage (Claims Made Only), K. states when a nurse anesthetist chooses to change from full time to part time, a charge equal to 50% will apply. We interpret a charge to mean it would cost the nurse 50% more, but that does not seem reasonable since the nurse is changing from full time to part time. Please clarify this issue.

Gayle Neuman
Property & Casualty Compliance Unit, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

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40 Wall Street - 9th Floor
New York, New York 10005

Robert Alonzo

State Filing Analyst
P & C State Filing Unit
CNA Global Specialty Lines

May 17, 2006

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Internet robert.alonzo@cna.com

Ms. Gayle Neuman
Property & Casualty Compliance Unit
Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, IL 62767

RE: *American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560*
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Rate Filing
Our File #: 05-R2099

Dear Ms. Neuman:

Thank you for your e-mail dated May 3, 2006. Please note our following response to the issues you raised.

1. **Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used or it is in-house?**

Please see the actuarial support file (IL #05-R2099 exhibit resp #1 .pdf).

2. **On page 4 under XVII. Extended Reporting Period Coverage (Claims Made Only), K. states when a nurse anesthetist chooses to change from full time to part time, a charge equal to 50% will apply. We interpret a charge to mean it would cost the nurse 50% more, but that does not seem reasonable since the nurse is changing from full time to part time. Please clarify this issue.**

Please see the actuarial support file (IL #05-R2099 exhibit resp #1 .pdf).

Thank you for your continued review of this filing.

Sincerely,

Robert Alonzo

Robert Alonzo
State Filing Analyst



May 16, 2006

To: Illinois

Re: IL #05-R2099 Obj #1 .doc

Question #1: Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used or it is in-house?

CNA is an ISO reporting company and as such reports to ISO as required.

Question #2: On page 4 under XVII. Extended Reporting Period Coverage (Claims Made Only), K. states when a nurse anesthetist chooses to change from full time to part time, a charge equal to 50% will apply. We interpret a charge to mean it would cost the nurse 50% more, but that does not seem reasonable since the nurse is changing from full time to part time. Please clarify this issue.

When a customer converts from full-time to part-time, they are required to tail out the full-time exposure in the year of conversion. This is to cover claims that are reported when the insured is practicing part-time, but occurred while they were practicing full-time. This is a one-time charge and the insured keeps their original retro date. Their annual premium for the go-forward exposure is rated at a 50% discount as specified in XIX.G.